

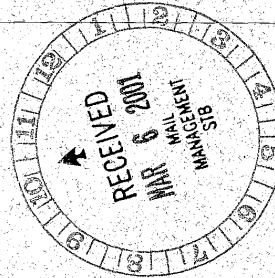
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Rochester Area Economic Development, Inc.

March 5, 2001

Ms. Linda Morgan, Chair
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

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Office of the Secretary
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Part of
Public Record



RE: Draft Environmental Impact Statement
Finance Docket No. 33407 - Dakota Minnesota & Eastern Railroad Corporation

Dear Ms. Morgan:

Rochester Area Economic Development, Inc. (RAEDI), a not-for-profit organization of public and private groups interested in promoting economic development in the Rochester area offers the following comments on the above referenced draft environmental impact statement. These comments relate to your request for further comment on which of the various Rochester options are environmentally preferable and proposals for how to share costs, if one of the bypass options is selected. Your preliminary findings (DEIS, Executive Summary page ES-58)) concludes the following:

"Alternative R-2 potentially would have significant impacts to land use and noise sensitive and vibration receptors located in the City, including certain facilities at the Mayo Clinic and possibly the Federal Medical Center. Moreover, noise impacts of the magnitude at issue here would be difficult to mitigate and there would be impacts on transportation and safety, i.e., emergency vehicle movements. The bypass alternatives, Alternative R-3 and R-4, however also would have substantial impacts to a variety of resources, including soils, farmland, geology, wetlands, vegetation, and wildlife. Some of these impacts could be minimized through mitigation, although they could not be completely avoided."

We do not dispute these conclusions. We recognize that other local entities reviewing this document have found substantial errors and omissions in the DEIS. Our understanding is that these organizations will be submitting their own comments and therefore we offer no comment in this regard.

The Rochester MSA (metropolitan statistic area) economy is structurally diverse but at its core is knowledge-based. Health care, computers and electronic manufacturing form the economic base. These industries combined account directly for more than sixty percent (60%) of Rochester area total employment. Rochester's historical and projected growth rates exceed the state of Minnesota and nation as a whole. This information is documented in our report titled "Rochester Minnesota Historical and Projected Growth" (Attachment 1).

In July of 1999, the Milken Institute published the most extensive study on "America's High Tech Economy". A complete copy of this report is available via Internet. It may be viewed electronically at http://www.milken-inst.org/mod30/ross_report.pdf. The study evaluated the economies of all three hundred fifteen (315) MSA's in the country. Rochester was identified as having the highest concentration of high-tech business in the nation, responsible for more than seven percent (7%) of our nation's total real output for computers and office equipment (SIC 357). Section 3 of this report entitled "Technology and Metropolitan Economic Performance" (page 78) concludes as follows:

"As we enter the age of human capital, where firms merely lease knowledge assets, firm's location decisions will be increasingly based upon quality-of-life factors that are important to attracting and retaining this most vital asset. In high-tech services, strict business-cost measures will be less important to growing and sustaining technology clusters in metro economies. Locations that are attractive to knowledge assets will play a vital role in regional economic success."

A Public and Private Partnership for Economic Development

220 South Broadway • Suite 100 • Rochester, MN 55904 • Phone 507-288-0208 • Fax 507-282-8960

The infrastructure supporting a knowledge-based economic structure is different from that of a resource or heavy industrial based economy. Railroads are of little value in a knowledge-based economy. In fact, under the right set of circumstances it can undermine a community's quality-of-life and impose a serious threat to continued economic growth. The Milken study also identified Rochester as the nation's MSA most susceptible to risk due primarily to our dependence on a relatively small number of employers.

In February of this year at the request of the City of Rochester, RAEDI conducted an analysis of the relative costs associated with Alternative R-2 compared to the relative costs of Alternatives R-3 and R-4. This study focused on costs relating to human and economic environments. A copy of this report is included in this submission (Attachment 2). The basic finding of this report is that the 10-year comparative costs for construction, mitigation, property value loss, and multiplied effect of potential business loss is over \$626 million more for Alternative R-2 as compared to Alternatives R-3 and R-4. We believe these costs outweigh those associated with potential impacts on natural resources.

As a result of our study on this issue the RAEDI Board of Directors has adopted the following position regarding this matter:

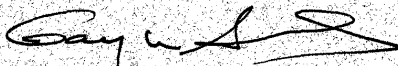
Rochester Area Economic Development, Inc. supports expansion of the DM&E Railroad as long as it bypasses the city of Rochester on an alternative route, not necessarily the route currently proposed. This bypass route should be built as part of a transportation and utility corridor that meets the long-term needs of our area's citizens and businesses. This position is predicated in recognition of this project's short and long term economic benefits, while minimizing associated costs. This approach also provides a framework for our area's continued orderly and efficient growth.

We do not dispute that there is value to DM&E's proposed project. However we do dispute their plan to utilize Alternative R-2 as the route for moving coal and other commodities through Rochester. This alternative imposes substantial risk to our local economy's continued growth and stability. The DM&E's increased cost for capital and operations under Alternatives R-3 and R-4 are marginal in comparison to local economic costs associated with Alternative R-2.

In conclusion, our understanding is that the City of Rochester will be proposing a plan to share a substantial portion of the increased cost associated with Alternatives R-3 and R-4. This is in direct response to your request for such proposals. While we make no judgment regarding a specific alternative route, we firmly believe that one can be identified. In consideration of this fact and the totality of circumstances surrounding this matter we believe that any order for project approval by the STB should include an order for a Rochester bypass.

Respectfully,

Rochester Area Economic Development, Inc.



Gary W Smith
Executive Vice President

GWS

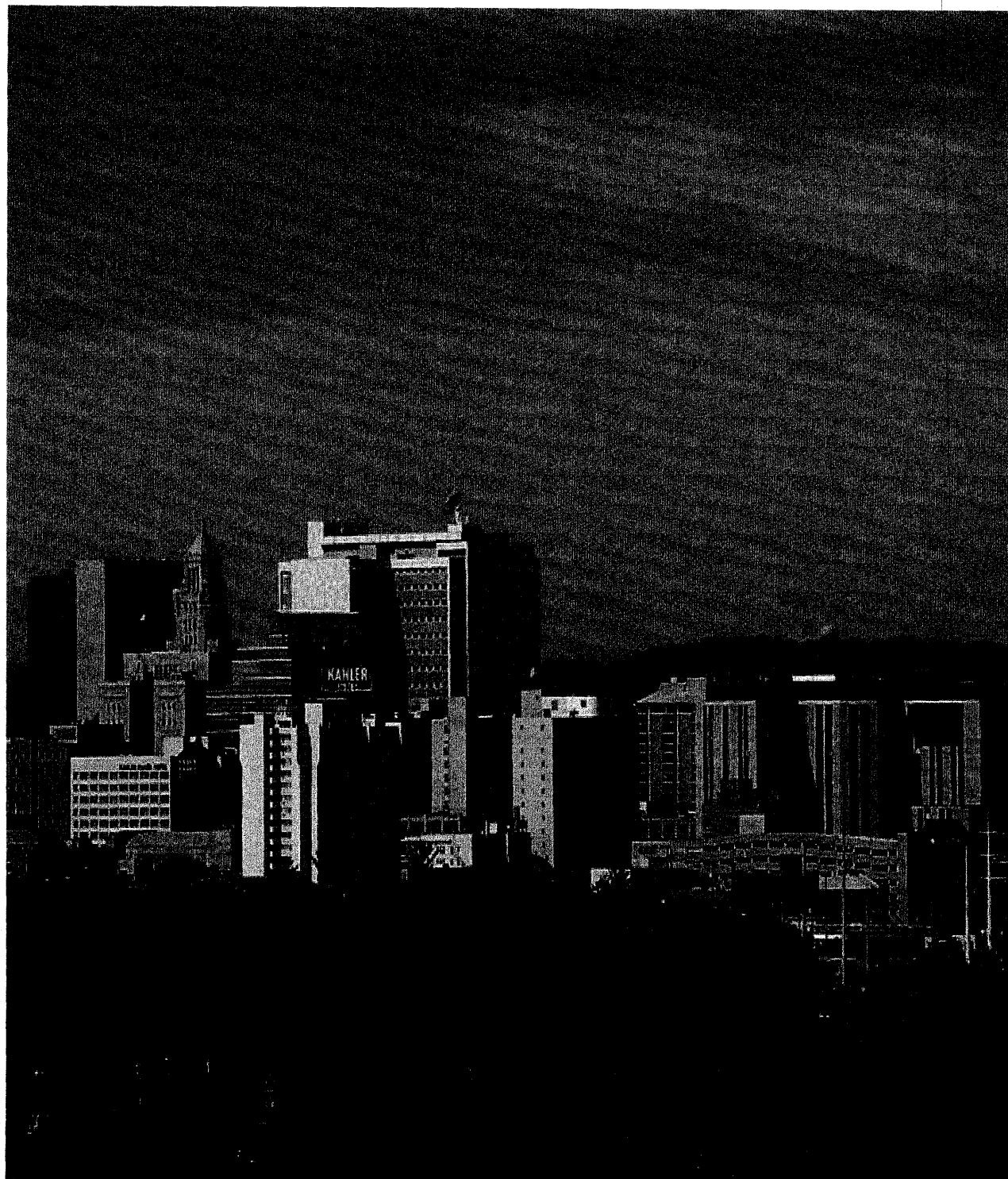
Enclosure

Attachment 1

Rochester, Minnesota

Historical And Projected Growth

Report prepared by
Rochester Area Economic Development, Inc.
November 1, 2000



This report was prepared to provide the reader a historical and forecasted view of Rochester, Minnesota's growth.

I. ROCHESTER, MINNESOTA-OVERVIEW

The Rochester, Minnesota, MSA comprises all of Olmsted County. The Minnesota State Demographer's Office estimated the population of the Rochester MSA at 119,038 in 1998. Rochester is one of the nation's fastest growing MSAs.

Located in southeastern Minnesota, the Rochester MSA's strong diverse economy is built around health care, high technology, and agriculture. Major employers include: Crenlo, IBM-Rochester, Mayo Medical Center, PEMSTAR, and Seneca Foods (Libby's brand). The Mayo Clinic and IBM, combined, employ more than 27,000 people. The Milken Institute's July 1999 study of America's High Tech Economy identified Rochester as having the highest concentration of high tech businesses among all 315 U.S. metro areas. The Rochester MSA accounts for over 7 percent of U.S. total real output of SIC 357 (computers and office equipment). Rochester's technology base continues to grow with Celestica, Seagate, Mylex, Texas Instruments, and Cadence all establishing operations in Rochester within the last 12 months.

For over 140 years, the city of Rochester has remained the regional center for industry and commerce in southeastern Minnesota and northwestern Iowa. The transportation infrastructure in the MSA includes Interstate and U.S. highways, rail freight, and international air passenger and cargo facilities.

The Rochester MSA continually ranks high in polls relating to quality of life and worker productivity. *Money* magazine reported that the city of Rochester "radiates cosmopolitan style without big city ills." The smaller cities surrounding Rochester represent rural living at its best. Whether you are searching for a new corporate home, a place to expand your business, or a new place to live, the Rochester MSA offers the finest in business climate, labor force, real estate, utilities, transportation, education, and quality of life.

The overall structure of the Rochester area economy has not changed much over the past 15 years. While many significant events have occurred during this time period testing the resiliency of the local economy, the net result has been that the Rochester economy remains strong and viable. The economy here continues to grow at a pace faster than that of the state and nation as a whole.

II. POPULATION AND EMPLOYMENT DATA

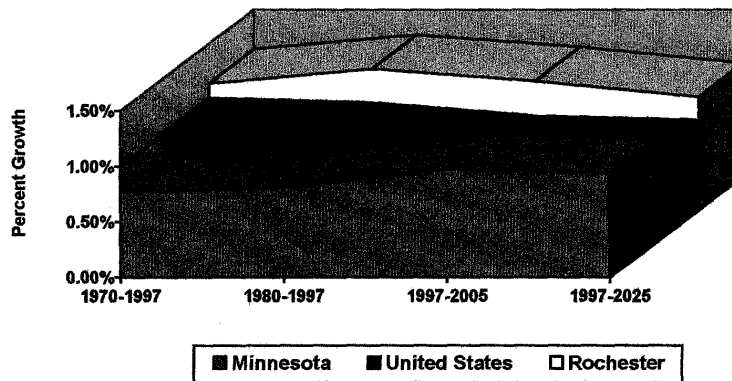
Rochester, historically, has grown at a faster rate than both the state of Minnesota and United States as a whole. Most recently, Rochester has grown at a rate 56% faster than the state of Minnesota and 30% faster than the national rate of growth. These trends, while slowing somewhat, can be expected to continue through the year 2025.

Historical and Projected Population

City	1970	1980	1990	1997	2000	2005	2025
Rochester	84,320	92,400	106,960	114,510	119,350	125,580	152,180
Minnesota	3,815,020	4,086,730	4,387,230	4,687,440	4,827,180	5,066,620	6,088,170
United States	203,982,310	227,225,620	249,440,650	267,744,030	275,205,750	286,608,530	335,870,690

Source: 1970-1997 U.S. Department of Commerce; 2000-2025 projected by Woods & Poole Economics

Historical and Projected Growth Rates

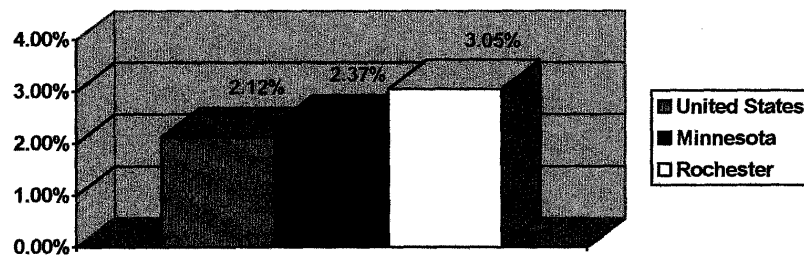


Historical and Projected Population Growth Rates

City	1970-1997	1980-1997	1997-2005	1997-2025
Minnesota	0.77%	0.81%	0.98%	0.94%
United States	1.01%	0.97%	0.85%	0.81%
Rochester	1.14%	1.27%	1.16%	1.02%

Source: 1970-1997 U.S. Department of Commerce; 1998-2025 projected by Woods & Poole Economics

1980-1999 Employment Growth Rates

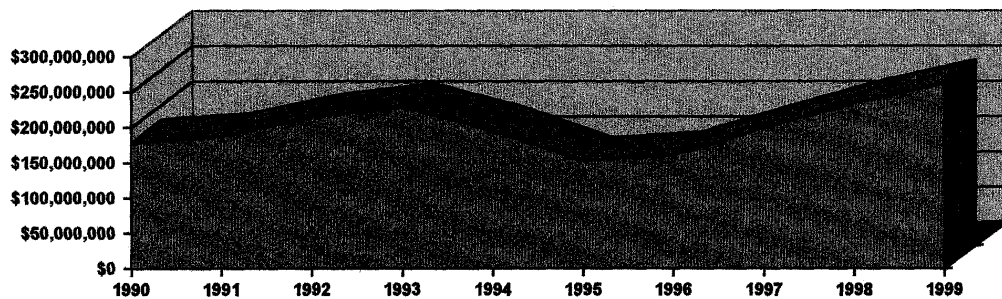


Source: Bureau of Labor Statistics

III. Real Estate Data and Trends

The real estate market in the Rochester area is historically strong. As the following tables and charts indicate, the market turned soft during the 1994-1995 timeframe. This slowdown was a lagged result of significant business changes occurring in 1993-1994. Due primarily to layoffs at IBM and several other area businesses, the community lost nearly 5,000 jobs during this time period. The community has since absorbed the loss of these jobs. The location of several new technology companies as well as the expansion of several other area businesses has resulted in unprecedented economic expansion.

MLS Home Sales 1990-1999



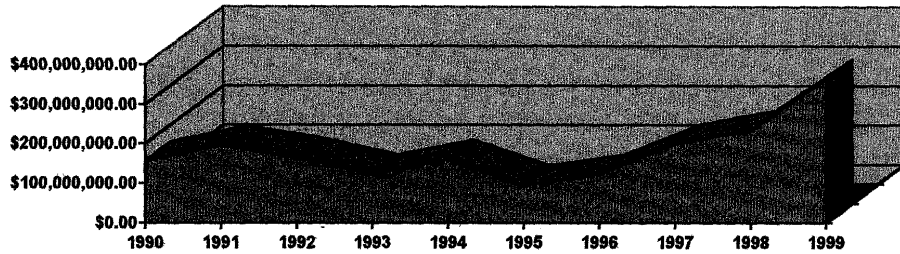
MLS Home Sales

1990	1991	1992	1993	1994
\$178,842,050	\$187,842,050	\$214,955,173	\$229,667,552	\$196,419,056

1995	1996	1997	1998	1999
\$153,077,209	\$161,699,453	\$199,989,186	\$235,404,360	\$263,271,838

Source: Southeast Minnesota Association of Realtors

Commercial Building Permit Value 1990-1999



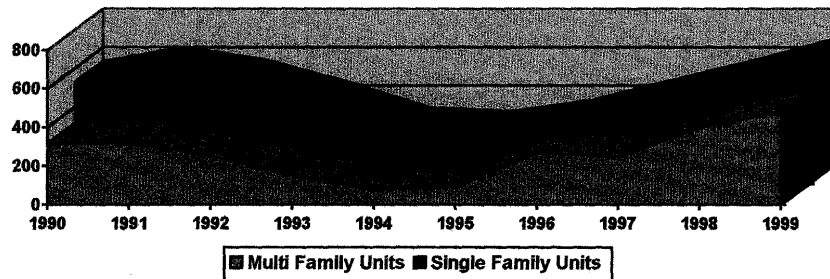
Commercial Building Valuation

1990	1991	1992	1993	1994
\$156,602,519	\$195,745,723	\$165,110,947	\$123,432,947	\$160,654,434

1995	1996	1997	1998	1999
\$95,705,582	\$123,967,179	\$199,770,957	\$235,404,360	\$386,031,664

Source: Rochester Building & Safety

Housing Unit Construction 1990-1999

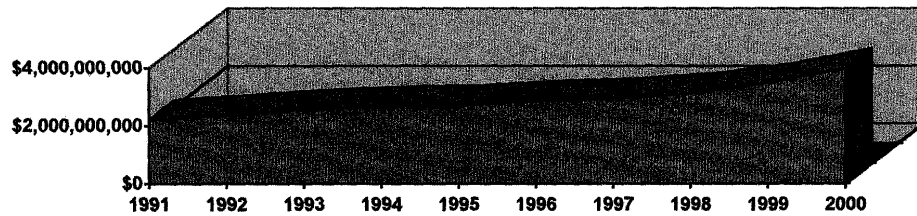


Housing Unit Construction

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Single Family Homes	527	598	531	419	285	263	324	428	532	645
Multi Family Units	316	323	255	156	78	95	271	250	401	483

Source: Rochester Building & Safety

Rochester Assesed Market Property Values 1991-2000



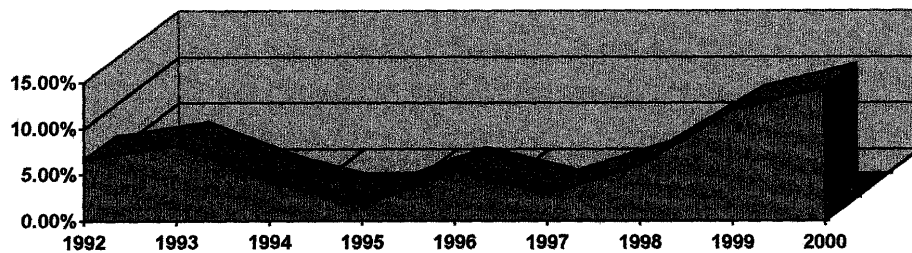
Assesed Market Value

1991	1992	1993	1994	1995
\$2,210,079,000	\$2,356,494,900	\$2,549,364,170	\$2,659,836,889	\$2,706,148,300

1996	1997	1998	1999	2000
\$2,852,011,200	\$2,935,164,400	\$3,114,171,600	\$3,487,410,400	\$3,993,046,400

Source: Olmsted County Assessor

Rochester Assesed Market Property Value Annual Growth Rates 1992-2000



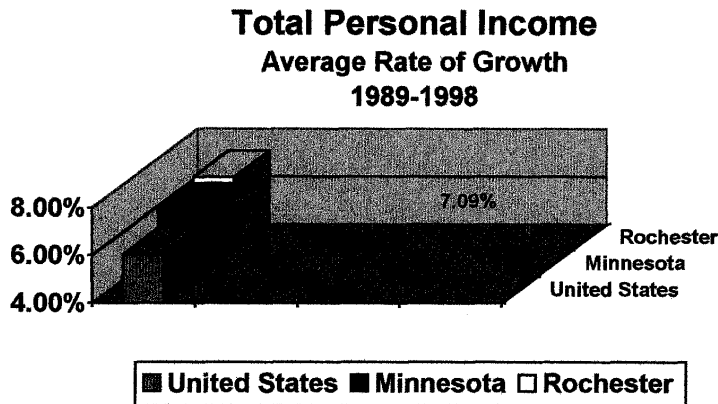
Annual Growth Rates

1992	1993	1994	1995	1996	1997	1998	1999	2000
6.62%	8.18%	4.33%	1.74%	5.39%	2.92%	6.10%	11.99%	14.50%

Source: Olmsted County Assessor

IV. Personal and Per Capita Income Trends

Rochester's average annual growth in total personal income exceeds both the state and national average rates of growth for the period 1989-1998. As previously discussed significant business changes in 1993-1994 led to a lower than expected average rate of per capita income growth for the ten-year period. However, in real terms, per capita income remained greater than that of both the state and nation as a whole throughout the ten-year period.



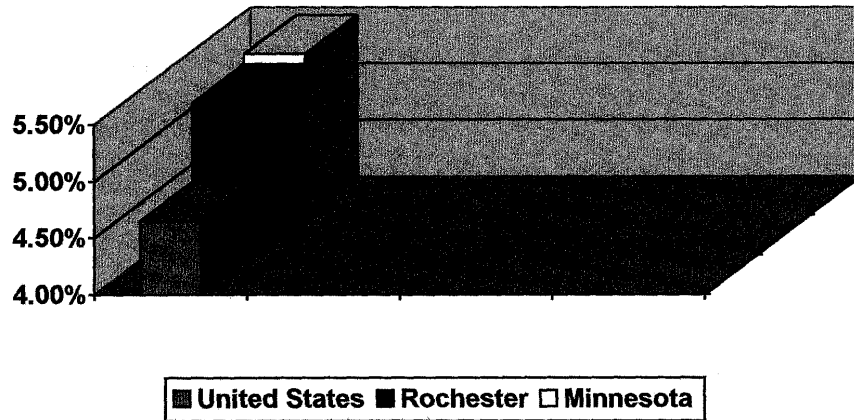
Total Personal Income (\$000)

	1989	1990	1991	1992	1993
Rochester	\$2,112,577	\$2,279,565	\$2,409,565	\$2,713,467	\$2,629,772
Minnesota	\$82,277,038	\$87,795,485	\$90,713,790	\$97,024,881	\$99,787,105
United States	\$4,582,429,000	\$4,885,525,000	\$5,065,416,000	\$5,376,622,000	\$5,598,446,000

	1994	1995	1996	1997	1998
Rochester	\$2,711,885	\$2,856,769	\$3,099,368	\$3,313,644	\$3,610,867
Minnesota	\$107,151,552	\$113,216,855	\$122,079,580	\$129,079,905	\$138,306,857
United States	\$5,878,362,000	\$6,192,235,000	\$6,538,103,000	\$6,942,114,000	\$7,351,547,000

Source: Bureau of Economic Analysis

**Per Capita Income
Average Rate of Growth
1989-1998**



	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Rochester	\$20,133	\$21,311	\$22,071	\$24,599	\$23,364
Minnesota	\$18,966	\$20,011	\$20,489	\$21,698	\$22,068
United States	\$18,566	\$19,584	\$20,089	\$21,082	\$21,718

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Rochester	\$24,013	\$25,406	\$27,413	\$28,928	\$30,880
Minnesota	\$23,467	\$24,583	\$26,267	\$27,536	\$29,263
United States	\$22,581	\$23,562	\$24,651	\$25,924	\$27,203

Source: Bureau of Economic Analysis

V. Retail Sales History and Forecast

Retail sales annualized rate of growth in the Rochester marketplace has consistently outpaced the state and national rates of growth. This trend can be expected to continue through the year 2025.



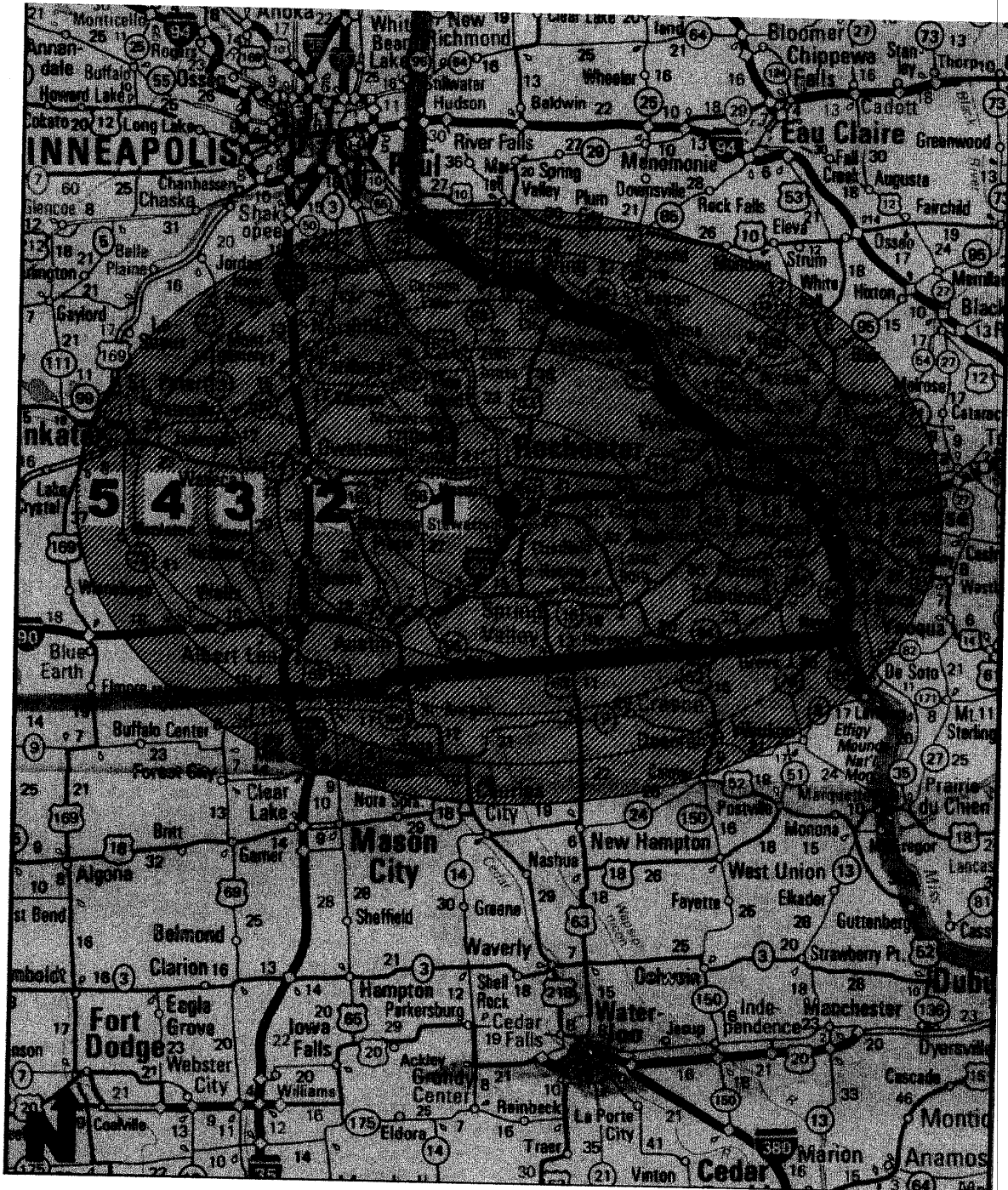
	1970-1980	1980-1990	1990-2000	2000-2010	2010-2025
Rochester	4.81%	2.66%	3.12%	2.26%	2.14%
Minnesota	2.85%	1.87%	2.83%	2.13%	2.03%
United States	2.87%	1.77%	2.76%	3.04%	1.19%

Source: Historical and Estimated Retail Sales data prepared by Woods and Poole Economics, Inc.

	1970	1980	1990	2000	2010	2025
Rochester MSA (millions 92\$)	597.45	884.95	1120.39	1470.18	1801.9	2380.2
Minnesota (millions 92\$)	23576.17	30284.9	35957.67	46124.91	55949.03	72989.16
United States (billions 92\$)	1272.2	1636.7	1925.98	2456.95	3203.06	3774.15

Source: Historical and Estimated Retail Sales data prepared by Woods and Poole Economics, Inc.

VI. ROCHESTER MARKET AREA



Circle 1
COUNTIES WITHIN 30 MINUTES OF ROCHESTER

<u>Minnesota</u>	<u>1990 Population</u>
Olmsted	106,960

Total Population within 30 minutes: 106,960

Circle 2
COUNTIES WITHIN 45 MINUTES OF ROCHESTER

<u>Minnesota</u>	<u>1990 Population</u>
Dodge	15,810
Fillmore	20,770
Mower	37,370
Olmsted	106,960
Wabasha	19,770

Total Population within 45 minutes: 200,680

Circle 3
COUNTIES WITHIN 60 MINUTES OF ROCHESTER

<u>Minnesota</u>	<u>1990 Population</u>
Dodge	15,810
Fillmore	20,770
Goodhue	40,810
Mower	37,370
Olmsted	106,960
Steele	30,820
Wabasha	19,770
Winona	47,820
<u>Iowa</u>	<u>1990 Population</u>
Howard	9,800
Winneshiek	20,840

Total population within 60 minutes: 350,770

Circle 4
COUNTIES WITHIN 75 MINUTES OF ROCHESTER

<u>Minnesota</u>	<u>1990 Population</u>
Dodge	15,810
Fillmore	20,770
Freeborn	33,050
Goodhue	40,810
Houston	18,420
Mower	37,370
Olmsted	106,960
Rice	49,320
Steele	30,820
Wabasha	19,770
Winona	47,820
<u>Iowa</u>	<u>1990 Population</u>
Howard	9,800
Mitchell	10,920
Winneshiek	20,840
<u>Wisconsin</u>	<u>1990 Population</u>
LaCrosse	97,900

Total population within 75 minutes: 560,380

Circle 5
COUNTIES WITHIN 90 MINUTES OF ROCHESTER

<u>Minnesota</u>	<u>1990 Population</u>
Carver	48,390
Dakota	277,810
Dodge	15,810
Fillmore	20,770
Freeborn	33,050
Goodhue	40,810
Houston	18,420
Le Sueur	23,250
Mower	37,370
Olmsted	106,960
Rice	49,320
Scott	58,250
Steele	30,820
Wabasha	19,770
Waseca	18,090
Washington	147,040
Winona	47,820
<u>Iowa</u>	<u>1990 Population</u>
Allamakee	13,850
Cerro Gordo	46,730
Chickasaw	13,290
Floyd	17,050
Howard	9,800
Mitchell	10,920
Winneshiek	20,840
<u>Wisconsin</u>	<u>1990 Population</u>
Buffalo	13,580
LaCrosse	97,900
Pierce	32,760
Trempealeau	25,260

Total Population within 90 minutes: 1,295,730

Source: 1990 Census

Proposed Expansion of DM&E Railroad

Cost Comparison of Utilizing City Route Vs Bypass

Prepared for the City of Rochester

By

Rochester Area Economic Development Inc.

February 16, 2001

Introduction:

The DM&E railroad proposal to upgrade its line through Rochester is one of the most controversial and divisive issues our area has ever faced. There are many negative environmental impacts associated with this project relating to the health, safety, and general welfare of all area citizens. Given the power to make the decision, it would be near unanimous among citizens, elected officials, business and civic leaders to reject this proposal altogether. Unfortunately this is not a local decision. Laws passed long before the development of the knowledge-based economy favor the railroads and place the decision in the hands of the federal government.

The cost of environmental impacts will vary depending on the location of the rail line. The number of people and businesses impacted also vary depending on the location. The DM&E from their perspective clearly prefer to use the existing corridor. Those who would be impacted if the line were to be routed around Rochester prefer use of the existing corridor as well. Finally those who would be impacted along the existing route for the most part prefer the development of an alternative route. The fact is, if this project is approved and constructed there will be a cost to our economy regardless of its location. Therefore it is in our collective interest to identify and quantify these costs if at all possible. The purpose of this study is to do just that.

The scope of this study is to identify, quantify and compare the possible costs associated with locating an expanded DM&E railroad in the existing corridor through the city versus locating the project on a new route constructed for the purpose of bypassing the city.

Methodology:

The method used here is to ascertain to the extent possible all costs associated with each alternative. We then defined a set of basic assumptions and our rationale for making them. The next step of the process was to compare the cost of each alternative using current dollars as the basis for that comparison. Finally because some assumption have economic impact beyond the direct impact we employed the use of the Regional Input-Output Modeling System (RIMS II) devised by the U.S. Department of Commerce, Bureau of Economic Analysis to quantify the multiplied effect of these costs on our local economy. A final comparison of costs will be made using the RIMS II results.

RIMS II Multipliers for Output, Earnings, and Employment:

RIMS II provides users with five types of multipliers: final demand multipliers for output, earnings, and employment and direct-effect multipliers for earnings and employment. These multipliers measure the economic impact of a change in final demand, earnings, or employment on a region's economy.

Most regional economists agree that the most accurate method of estimating a regional input-output (I-O) model is to survey the businesses in a region in order to determine which goods and services are purchased by industries in the region and whether these goods and services are purchased from other industries in the region or from industries in other regions. However, because these surveys are costly, few regional I-O models in the United States are based on survey, or primary source, data.

As a result, the estimation of the regional input-output modeling system (RIMS II), like that of most regional I-O models, is based on data from the national I-O accounts and other secondary data. It is assumed that the national I-O data can be used to represent the composition of inputs purchased in the region. The national data are then adjusted by regional data, because the industries in a region cannot obtain all of their inputs from within the region. In RIMS II, a region consists of the county or counties that are specified by the user. In our case this means Olmsted County.

Basic Assumptions:

The following list of assumptions has been made in order to quantify and compare the possible economic costs associated with this study. While this is not an exact science we believe all assumptions to be both reasonable and plausible.

1. Estimated cost of upgrading existing rail line through Olmsted County is \$24.9 million.
Source: (DM&E)
2. Estimated Cost of Bypass Route including mitigation \$91.8 million. The cost of land acquisition, rail line construction and construction of three overpasses at Hwys. 14, 63 and 52 as well as efforts to mitigate impacts from noise are included in this estimate. It also includes the cost of upgrading the line through Rochester for use as a spur line. While there may be other alternative routes better suited to serve as an alternative route this is the only one with a cost estimate prepared so therefore it was the one used for purposes of this analysis.
Source (2/01 Engineering Study by Wilbur Smith Associates)
3. City cost of mitigation will include the provision of up to 7 grade separations and the undertaking of measures to reduce the impacts of noise and vibration. The estimated cost of providing this mitigation will be in the range of \$48.7-\$67.7 million. For the purposes of our analysis we have used the low-end estimate of five grade separations at an estimated cost of \$48.7 million.
Source: (2/01 Engineering Study by Wilbur Smith Associates)
4. The current total property value in the impacted area along the existing corridor is \$381 million. Estimated property value loss along this corridor is \$53.34 million. This value was computed using national studies, which indicate a 14% loss in value in similar projects nationwide.
Source: (Consolidated Planning based on Federal Rail Administration Studies)
5. Estimated property value loss along bypass route of \$7.3 million. There are 10,416 acres of land impacted in the corridor. Applying a \$5000 per acre market value with a 14% loss of value due to rail construction results in this estimated loss.
Source: (Consolidated Planning based on Federal Rail Studies)
6. Estimated cost due to potential loss of business on existing route \$51 million. *(see notes)
Source (Rochester Area Economic Development Inc.)
7. Estimated cost due to potential loss of business along bypass corridor \$7.36 million. *(see notes)
Source (Rochester Area Economic Development Inc.)
8. While a small portion of DM&E project costs will result in purchase of local goods and services, we have ignored this benefit, as it will accrue regardless of where the rail corridor is located.
9. The Minnesota Farm Bureau has estimated that completion of this project will result in a \$90 million increase in farm output statewide. While Olmsted County would share this benefit, for purposes of this analysis we assume no benefit offsetting estimated costs of the project since it would be the same regardless of route option.

* Notes

- Fifty percent (50%) of Mayo Clinic patients reside outside the five states surrounding Minnesota. This is in direct contrast to major competitors who are all located in much larger metropolitan areas throughout the United States with seventy-five (75%) of their patients coming from within that metro area. This basic difference in market dynamic is an important consideration. Patient surveys indicate many reasons why people choose Mayo over other providers. Relative to this study is the fact that many patients choose Mayo in part because the City of Rochester is a clean, safe, and easy place "to get around". Due to environmental problems associated with the clinics close proximity to the railroad, it is reasonable to assume that the clinic is at "real" risk of losing patients as a result of the project as currently proposed. In addition rail proximity to highly vibration-sensitive medical imagery equipment may necessitate the relocation of the entire MRI facility. We estimate the cost to mitigate this potential impact to be in the range of \$30-\$50 million. Determining the precise impact cost on Mayo Clinic is difficult, however there is little doubt that there will be a fiscal impact. Given this set of circumstances it is reasonable to assume that Mayo could lose a relatively small portion of its business. Therefore, for purposes of this analysis, a minimum amount of one percent (1%) loss of business is assumed. Based on information provided to us by the Mayo Foundation this results in a \$16 million dollar annual loss.
- A local electronics manufacturer occupies a facility directly adjacent to the rail line. Company officials have informed us that an increase in vibration caused by the railroad may require the business to relocate the portion of their production that is sensitive to vibration. Forced to relocate, there is no guarantee that this production will continue to take place in Rochester. The company operates several production facilities located around the world. Therefore the community is at risk of losing this production and the associated loss of output must be considered as a potential cost of the proposed project. Based on information provided to us by company officials we estimate that the Rochester MSA is at risk of losing \$35 million of output as a result of the proposed project. There are other businesses located along the line which may be negatively impacted as well but no estimate of impacted cost are included for these businesses.
- Proponents of the project argue that project completion will result in an increase in farm output. However construction of a bypass will no doubt create a loss of some output as the result of taking 917 acres of farmland out of production. For purposes of this study we have calculated the potential loss of farm output as follows: According to Olmsted County Extension Service there are approximately 1300 farms located in Olmsted County. The Department of Commerce, Bureau of Economic Analysis reported 1998 total county farm income as approximately \$127.8 million. The Economic Research Service of the U.S. Department of Agriculture reported 1999 Minnesota average gross farm income as \$114,398. This equates to an income of approximately \$149 million for all 1300 farms within Olmsted County. Finally, the Farm Business Management Report for southeast Minnesota published by Rochester Community and Technical College surveyed 383 farm operations reporting a 1999 average gross farm income of \$332,266 for those surveyed or an equivalent of \$431.9 million if applied to all farms within Olmsted County. For the purposes of this analysis we have averaged all of these sources of data in order to purposely estimate farm income on the high side. This approach produces approximately \$236.2 million of farm income for Olmsted County. Using this estimate and assuming a minimum loss of one percent (1%) due to the construction of a bypass route results in the annual loss of farm income in the amount of \$2.36 million.
- A potential loss of business also exists due to the close proximity of a turkey-breeding farm to the proposed alternative route. Company officials indicate that vibration impacts from the rail line could force them to relocate this business. It is estimated that a loss of \$5 million of economic output could be lost if this firm relocated its operation outside of the county.

**Proposed DM&E Railroad Expansion
Economic Cost Comparisons**

Utilization of Existing Corridor vs. Bypass

Current Dollar Cost Comparison

Cost Over Ten years

	In City	Bypass	In City	Bypass
Cost of Construction	\$24,900,000	\$91,800,000	\$24,900,000	\$91,800,000
Cost of Mitigation	\$48,700,000	\$0	\$48,700,000	\$0
Property Value Loss	\$53,340,000	\$7,300,000	\$53,340,000	\$7,300,000
Subtotal Direct Cost	\$126,940,000	\$99,100,000	\$126,940,000	\$99,100,000
Loss of Business	\$51,000,000	\$7,360,000	\$510,000,000	\$73,600,000
Total Cost	\$177,940,000	\$106,460,000	\$636,940,000	\$172,700,000

Cost Comparison With RIMS II Multiplier Effect Applied

Cost Over Ten years

	In City	Bypass	In City	Bypass
Cost of Construction	\$24,900,000	\$91,800,000	\$24,900,000	\$91,800,000
Cost of Mitigation	\$48,700,000	\$0	\$48,700,000	\$0
Loss of 1% Health Care Business	\$22,980,800	\$0	\$229,808,000	\$0
Loss of \$35 million of output Electronics MFG	\$49,318,500	\$0	\$493,185,000	\$0
Loss of 1% Farm (grain) Business	\$0	\$3,088,060	\$0	\$30,880,600
Loss of \$5 million Ag Business	\$0	\$9,659,500	\$0	\$96,595,000
Property Value Loss	\$53,340,000	\$7,300,000	\$53,340,000	\$7,300,000

Total Cost	\$199,239,300	\$111,847,560	\$849,933,000	\$226,575,600
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Potential Job Impact	(537)	(201)
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Total Output in Health Services Sector
For Year 2000 \$1,600,000,000
1% Loss of Output \$16,000,000

Industry Sectors	Hospitals			Economic Cost		
	Output	Earnings	Jobs	Output	Earnings	Jobs
1 farm products & agricultural services	0.0064	0.0016	0.1463	\$102,400	\$25,600	2.3728
2 forestry & fishing products	0	0	0	\$0	\$0	0
3 coal mining	0	0	0	\$0	\$0	0
4 oil & gas extraction	0	0	0	\$0	\$0	0
5 metal mining & minerals except fuels	0	0	0.0001	\$0	\$0	0.0016
6 construction	0.0126	0.0031	0.0913	\$201,600	\$49,600	1.4608
7 food & kindred products	0.0101	0.0009	0.0305	\$161,600	\$14,400	0.488
8 textile mill products	0	0	0	\$0	\$0	0
9 apparel & other textile products	0	0	0.0004	\$0	\$0	0.0064
10 paper & allied products	0.0009	0.0001	0.0026	\$14,400	\$1,600	0.0416
11 printing & publishing	0.0101	0.0028	0.0876	\$161,600	\$44,800	1.4016
12 chemicals & allied products	0.0008	0.0001	0.0019	\$12,800	\$1,600	0.0304
13 rubber & miscellaneous	0.0007	0.0001	0.0024	\$11,200	\$1,600	0.0384
14 lumber, wood, furniture & fixtures	0.0001	0	0.0005	\$1,600	\$0	0.008
15 stone, clay and glass products	0.0002	0	0.001	\$3,200	\$0	0.016
16 primary metal products	0	0	0	\$0	\$0	0
17 fabricated metal products	0.0013	0.0002	0.0064	\$20,800	\$3,200	0.1024
18 industrial machinery and equipment	0.0021	0.0004	0.0085	\$33,600	\$6,400	0.136
19 electronic and other electric equipment	0.0003	0.0001	0.0018	\$4,800	\$1,600	0.0288
20 motor vehicles and equipment	0	0	0.0001	\$0	\$0	0.0016
21 other transportation equipment	0	0	0	\$0	\$0	0
22 instruments and related products	0.0102	0.0017	0.0423	\$163,200	\$27,200	0.6768
23 miscellaneous manufacturing industries	0.0001	0	0.0015	\$1,600	\$0	0.024
24 transportation	0.0178	0.0055	0.1807	\$284,800	\$88,000	2.8912
25 communications	0.0007	0.0012	0.0284	\$112,000	\$19,200	0.4544
26 electric, gas, and sanitary services	0.0072	0.0013	0.028	\$115,200	\$20,800	0.448
27 wholesale trade	0.0184	0.0052	0.1233	\$294,400	\$83,200	1.9728
28 retail trade	0.0454	0.014	0.8728	\$726,400	\$224,000	13.9648
29 depository and nondepository institutions	0.0121	0.0029	0.0785	\$193,600	\$46,400	1.256
30 insurance	0.0069	0.0021	0.0518	\$110,400	\$33,600	0.8288
31 real estate	0.1017	0.0048	0.4667	\$1,627,200	\$76,800	7.4672
32 hotels, other lodging	0.0124	0.0042	0.3365	\$198,400	\$67,200	5.384
33 personal services	0.007	0.0028	0.1928	\$112,000	\$44,800	3.0848
34 business services	0.0445	0.0184	0.851	\$712,000	\$294,400	13.616
35 eating & drinking places	0.0242	0.0069	0.6723	\$387,200	\$110,400	10.7568
36 health services	1.0558	0.3856	12.8069	\$16,892,800	\$6,169,600	204.9104
37 miscellaneous services	0.02	0.0069	0.4192	\$320,000	\$110,400	6.7072
38 households	0.4724	0.0007	0.0871	\$7,558,400	\$11,200	1.3936
TOTAL ECONOMIC COST				\$22,960,800	\$7,566,400	281

Total Estimated Loss of Electronics Mfg. Output

Estimated Lost Output \$35,000,000

Source Local Manufacturer's

Economic Impact on Area Economy

Industry Sectors	Output	Earnings	Jobs	Output	Earnings	Jobs
	Computer Peripheral Equipment RIMS II Final Demand Multipliers			Economic Cost		
1 farm products & agricultural services	0.0022	0.0005	0.0508	\$77,000	\$17,500	1.778
2 forestry & fishing products	0	0	0	\$0	\$0	0
3 coal mining	0	0	0	\$0	\$0	0
4 oil & gas extraction	0	0	0	\$0	\$0	0
5 metal mining & minerals except fuels	0	0	0	\$0	\$0	0
6 construction	0.0101	0.0026	0.075	\$353,500	\$91,000	2.625
7 food & kindred products	0.0035	0.0003	0.0101	\$122,500	\$10,500	0.3535
8 textile mill products	0	0	0	\$0	\$0	0
9 apparel & other textile products	0	0	0.0002	\$0	\$0	0.007
10 paper & allied products	0.0013	0.0001	0.0036	\$45,500	\$3,500	0.126
11 printing & publishing	0.0083	0.0024	0.0764	\$290,500	\$84,000	2.674
12 chemicals & allied products	0.0001	0	0.0003	\$3,500	\$0	0.0105
13 rubber & miscellaneous	0.0012	0.0001	0.0039	\$42,000	\$3,500	0.1365
14 lumber, wood, furniture & fixtures	0.0001	0	0.0004	\$3,500	\$0	0.014
15 stone, clay and glass products	0.0002	0	0.0009	\$7,000	\$0	0.0315
16 primary metal products	0	0	0	\$0	\$0	0
17 fabricated metal products	0.0111	0.0021	0.0651	\$386,500	\$73,500	1.9285
18 industrial machinery and equipment	1.1118	0.1942	4.0553	\$38,913,000	\$6,797,000	141.9355
19 electronic and other electric equipment	0.021	0.0044	0.1386	\$735,000	\$154,000	4.851
20 motor vehicles and equipment	0	0	0.0001	\$0	\$0	0.0035
21 other transportation equipment	0	0	0	\$0	\$0	0
22 instruments and related products	0.0005	0.0001	0.002	\$17,500	\$3,500	0.07
23 miscellaneous manufacturing industries	0.0003	0.0001	0.0029	\$10,500	\$3,500	0.1015
24 transportation	0.0081	0.002	0.0745	\$283,500	\$70,000	2.6075
25 communications	0.0068	0.0012	0.0317	\$238,000	\$42,000	1.1095
26 electric, gas, and sanitary services	0.0031	0.0005	0.0093	\$108,500	\$17,500	0.3255
27 wholesale trade	0.051	0.0143	0.3413	\$1,785,000	\$500,500	11.9455
28 retail trade	0.0256	0.0079	0.4915	\$896,000	\$276,500	17.2025
29 depository & nondepository institutions	0.0097	0.0022	0.061	\$339,500	\$77,000	2.135
30 insurance	0.004	0.0012	0.0927	\$140,000	\$42,000	3.2445
31 real estate	0.0426	0.0014	0.1397	\$49,000	\$49,000	4.8895
32 hotels, other lodging	0.0087	0.0029	0.2308	\$304,500	\$101,500	8.078
33 personal services	0.0031	0.0012	0.0845	\$108,500	\$42,000	2.9575
34 business services	0.02	0.0084	0.3192	\$700,000	\$294,000	11.172
35 eating & drinking places	0.0115	0.0033	0.3186	\$402,500	\$115,500	11.151
36 health services	0.0318	0.0137	0.4154	\$1,113,000	\$479,500	14.539
37 miscellaneous services	0.0114	0.0039	0.2382	\$399,000	\$136,500	8.337
38 households	0.2716	0.0004	0.0501	\$9,506,000	\$14,000	1.7535

TOTAL ECONOMIC COST

\$49,318,500 \$9,485,000 256

Total Output in Feed Grains Sector

1% Loss of Output \$236,000,000
\$2,360,000

Economic Impact on Area Economy

RIMS II Final Demand Multipliers

Economic Cost

Industry Sectors	Output	Earnings	Jobs	Output	Earnings	Jobs
1 farm products & agricultural services	1.039	0.1675	16.5315	\$2,452,040	\$395,300	39.01434
2 forestry & fishing products	0	0	0	\$0	\$0	0
3 coal mining	0	0	0	\$0	\$0	0
4 oil & gas extraction	0	0	0	\$0	\$0	0
5 metal mining & minerals except fuels	0.0012	0.0002	0.0044	\$2,832	\$472	0.010384
6 construction	0.0166	0.0042	0.1221	\$39,176	\$9,912	0.288166
7 food & kindred products	0.0027	0.0002	0.008	\$6,372	\$472	0.01888
8 textile mill products	0	0	0	\$0	\$0	0
9 apparel & other textile products	0	0	0.0002	\$0	\$0	0.000472
10 paper & allied products	0.0003	0	0.0007	\$708	\$0	0.001652
11 printing & publishing	0.0026	0.0007	0.0235	\$6,136	\$1,652	0.05546
12 chemicals & allied products	0.0002	0	0.0004	\$472	\$0	0.000944
13 rubber & miscellaneous	0.0003	0	0.0008	\$708	\$0	0.001888
14 lumber, wood, furniture & fixtures	0.0001	0	0.0005	\$236	\$0	0.00118
15 stone, clay and glass products	0.0003	0.0001	0.0015	\$708	\$236	0.00354
16 primary metal products	0	0	0	\$0	\$0	0
17 fabricated metal products	0.0004	0.0001	0.0018	\$944	\$236	0.004248
18 industrial machinery and equipment	0.0007	0.0002	0.0046	\$1,652	\$472	0.010856
19 electronic and other electric equipment	0.0002	0	0.0015	\$472	\$0	0.00354
20 motor vehicles and equipment	0	0	0.0001	\$0	\$0	0.000236
21 other transportation equipment	0	0	0	\$0	\$0	0
22 instruments and related products	0.0004	0.0001	0.0015	\$944	\$236	0.00354
23 miscellaneous manufacturing industries	0.0001	0	0.0007	\$30,680	\$7,080	0.001652
24 transportation	0.013	0.003	0.1088	\$8,024	\$1,416	0.256768
25 communications	0.0034	0.0006	0.0137	\$15,340	\$3,068	0.032332
26 electric, gas, and sanitary services	0.0065	0.0013	0.0294	\$76,936	\$21,712	0.069384
27 wholesale trade	0.0326	0.0092	0.2185	\$51,920	\$16,048	0.51566
28 retail trade	0.022	0.0068	0.4232	\$18,172	\$4,484	0.998752
29 depository and nondepository institutions	0.0077	0.0019	0.0552	\$9,912	\$3,068	0.075048
30 insurance	0.0042	0.0013	0.0318	\$216,884	\$13,688	1.349212
31 real estate	0.0919	0.0058	0.5717	\$10,856	\$3,776	0.298304
32 hotels, other lodging	0.0046	0.0016	0.1264	\$6,136	\$2,360	0.166852
33 personal services	0.0026	0.001	0.0707	\$26,196	\$10,148	0.48144
34 business services	0.0111	0.0043	0.204	\$18,408	\$5,192	0.5074
35 eating & drinking places	0.0078	0.0022	0.215	\$62,776	\$26,904	0.821516
36 health services	0.0266	0.0114	0.3481	\$22,184	\$7,552	0.459728
37 miscellaneous services	0.0094	0.0032	0.1948	\$536,428	\$708	0.098884
38 households	0.2273	0.0003	0.0419			

TOTAL ECONOMIC COST

\$3,088,060

\$535,484

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Total Output in Meat Animals Sector
For Year 2000 \$5,000,000
Loss of Output \$5,000,000

Industry Sectors	Meat Animals				Economic Cost			
	RIMS II Final Demand Multipliers							
	Output	Earnings	Jobs		Output	Earnings	Jobs	
1 farm products & agricultural services	1.5414	0.2653	26.8831		\$7,707,000	\$1,326,500	134.4155	
2 forestry & fishing products	0	0	0		\$0	\$0	0	
3 coal mining	0	0	0		\$0	\$0	0	
4 oil & gas extraction	0	0	0		\$0	\$0	0	
5 metal mining & minerals except fuels	0.0004	0.0001	0.0014		\$2,000	\$500	0.007	
6 construction	0.0219	0.0055	0.1613		\$109,500	\$27,500	0.8065	
7 food & kindred products	0.0044	0.0004	0.013		\$22,000	\$2,000	0.065	
8 textile mill products	0	0	0		\$0	\$0	0	
9 apparel & other textile products	0	0	0.0003		\$0	\$0	0.0015	
10 paper & allied products	0.0003	0	0.0007		\$1,500	\$0	0.0035	
11 printing & publishing	0.004	0.0011	0.0356		\$20,000	\$5,500	0.178	
12 chemicals & allied products	0.0004	0	0.001		\$2,000	\$0	0.005	
13 rubber & miscellaneous	0.0002	0	0.0005		\$1,000	\$0	0.0025	
14 lumber, wood, furniture & fixtures	0.0001	0	0.0007		\$500	\$0	0.0035	
15 stone, clay and glass products	0.0003	0.0001	0.0016		\$1,500	\$500	0.008	
16 primary metal products	0	0	0		\$0	\$0	0	
17 fabricated metal products	0.0005	0.0001	0.0023		\$2,500	\$500	0.0115	
18 industrial machinery and equipment	0.0009	0.0002	0.0047		\$4,500	\$1,000	0.0235	
19 electronic and other electric equipment	0.0002	0	0.0016		\$1,000	\$0	0.008	
20 motor vehicles and equipment	0	0	0.0001		\$0	\$0	0.0005	
21 other transportation equipment	0	0	0		\$0	\$0	0	
22 instruments and related products	0.0007	0.0001	0.0028		\$3,500	\$500	0.014	
23 miscellaneous manufacturing industries	0.0001	0	0.001		\$500	\$0	0.005	
24 transportation	0.024	0.0055	0.1991		\$120,000	\$27,500	0.9955	
25 communications	0.0054	0.0009	0.0215		\$27,000	\$4,500	0.1075	
26 electric, gas, and sanitary services	0.0066	0.0011	0.022		\$33,000	\$5,500	0.11	
27 wholesale trade	0.0507	0.0142	0.3395		\$253,500	\$71,000	1.6975	
28 retail trade	0.0337	0.0104	0.6469		\$168,500	\$52,000	3.2345	
29 depository and nondpository institutions	0.012	0.0029	0.0826		\$60,000	\$14,500	0.413	
30 insurance	0.0068	0.0021	0.0513		\$34,000	\$10,500	0.2665	
31 real estate	0.1084	0.0062	0.6107		\$542,000	\$31,000	3.0535	
32 hotels, other lodging	0.0069	0.0024	0.1922		\$34,500	\$12,000	0.961	
33 personal services	0.004	0.0015	0.1078		\$20,000	\$7,500	0.539	
34 business services	0.0143	0.0057	0.2556		\$71,500	\$28,500	1.278	
35 eating & drinking places	0.0121	0.0034	0.3347		\$60,500	\$17,000	1.6735	
36 health services	0.0567	0.0219	0.8047		\$283,500	\$109,500	4.0235	
37 miscellaneous services	0.0145	0.005	0.3042		\$72,500	\$25,000	1.521	
38 households	0.3567	0.0005	0.0656		\$1,783,500	\$2,500	0.329	
TOTAL ECONOMIC COST					\$9,659,500	\$1,780,500	155	